



## *Purchase Card Inspection*

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**Why this inspection?** Our office performs ongoing data analysis and financial monitoring activities in order to continuously evaluate the State's systems of internal controls. During previous engagements, we identified issues regarding the use and monitoring of State purchasing credit cards (PCards).

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The PCard program is intended to be a cost effective method to purchase and pay for small dollar transactions. The State receives rebates that can provide additional funding during times when resources are shrinking, while also avoiding costs by issuing payments directly to vendors.

**What We Found:** We observed patterns of spending, which indicated that certain agencies and school districts incurred minimal PCard use, potentially missing rebate opportunities. We reported this observation to the Financial Services section of Governor Carney's Government Efficiency and Accountability Review Board (GEAR). Internal control findings were communicated directly to the agency or school district initiating the transaction.

We tested 142 PCard transactions totaling \$188,834, focusing on key controls of authorization and independent receipt, since these controls help to provide assurance that purchases are for legitimate need and not for personal use.

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## RECOMMENDATIONS

We recommended that the State consider encouraging increased PCard usage to maximize potential **rebate savings**. We estimated the potential impact to be approximately **\$1.6 million**.

We made the following additional recommendations to the GEAR Committee:

- Consider conducting a **comprehensive study** of people, process, and technology to streamline PCard transaction and accounting.
- Related to the inherent risk of PCard transactions, consider **emphasizing the key controls** of authorization and independent receipt.
- Consider allocating **a portion of the rebate to agencies** so that PCard use will be aligned with their program goals.